

INTERAGENCY ADVISORY GROUP

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SUMMARY OF 321st MEETING December 15, 1977

Mr. Jacobson introduced Alan K. Campbell, Chairman of the Civil Service Commission, who reported on developments in the Federal Personnel Management Project and special emphasis employee programs.

Federal Personnel Management Project

Chairman Campbell stated that a meeting was recently held with President Carter on the Federal Personnel Management Project. The President agrees with the basic concepts and has authorized the development of specific reorganization and legislative proposals. Final recommendations for change in the Federal personnel system will be presented to the President this month--and, after his review and possible revision of the recommendations, complete reorganization and legislative packages will hopefully be ready to go to Congress early next year.

In the Federal personnel management system, the President feels there is a need for fundamental changes. This belief is constantly reinforced by reports he receives about management difficulties from his cabinet secretaries and agency heads. He believes that the lack of attention to management has resulted in a decline in the ability of the personnel system to respond to changing programs and to advances in management theory and techniques.

When the work on the Federal Personnel Management Project began six months ago three major problems had to be addressed:

- First, there was the concern that there be greater flexibility on the management side. The obstacles to effective management which have developed over the years must be removed. Our general philosophy is based on the belief that managers need the authority and power necessary to manage, that managers need greater flexibility, but must also be held accountable. This means greater flexibility in examining applicants for jobs, in hiring, in promotions, in rewarding, in disciplining, in discharging, and in all the rest of the actions associated with managing people.

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- Secondly, there was the question of the problems associated with the merit abuses of the previous administration. The need is to design an institutional system which will make those kinds of abuses at least more difficult or more visible than before.
- Thirdly, there was a concern about the Federal Government's record in equal employment opportunity.

These three problem areas are very challenging in that they are in some ways almost contradictory with respect to the kinds of reforms and changes they suggest--greater flexibility and, at the same time, more control to prevent abuses and protect employee rights.

The Federal Personnel Management Project is designing a set of recommendations to address these problem areas.

It is therefore central to the proposals that there be an elimination of the current Civil Service Commission as an organization.

For the positive side of the Civil Service Commission's functions in recruiting and examining, in personnel evaluation, in areas such as equal employment opportunity, employee development, labor relations, etc.--there would be created a new, more effective agency, perhaps called the Office of Personnel Management.

Simultaneously, the Federal Personnel Management Project is proposing splitting off the quasi-judicial appeals functions of the Commission and establishing something that might be called the Merit System Protection Board. It would have bipartisan members, appointed for fixed terms, and not subject to re-appointment, thus creating a genuinely independent body to deal with investigating merit and political abuses, appeals and arbitration and a place where charges by "whistle blowers" could be considered.

Chairman Campbell mentioned the following as proposals that would decrease operating difficulties in the system:

- Delegation of authority in the promotion and examining areas to agencies.
- Reduction of the number of control systems and regulations.
- Simplification of appeals processes.
- Modifications in certain legal areas. For example, there needs to be a modification of veterans preference in the system.

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A highlight of the specific recommendations being made is the proposal to establish at the top of the personnel system an executive service, where grade and rank would be assigned to persons rather than positions. The pay system would be one with freedom for management discretion within a limited range. There would be no automatic pay increases, but there would be a possibility for earning substantial bonuses and greater use of incentive payments. The executive management service would have a strict limitation on the proportion of appointments that could be non-career (a proportion certainly no greater than it is now), that would be written into law, which it is not now; thereby providing a real protection against further politicization of the career system.

The executive service would give top management the necessary freedom to assign talented people to critical new program needs, and form new units to help achieve the goals of the organization. It would be a new kind of flexibility for top managers in the Federal Government.

Special Emphasis Employee Programs

Chairman Campbell turned next to several initiatives that have thus far been taken and those that are planned in the area of equal employment opportunity.

First, is the Presidential Management Intern Program, which will bring to the Federal Government each year some 250 interns who are graduates of Public Management Programs from across the country. The significance of this program, as the new means to equal employment, lies in the strong affirmative action clause which the President put in the Executive Order. Under these procedures, every effort will be made to insure that qualified minority and women graduates will be nominated and considered for internships.

A second initiative to increase the ways people can enter the Federal career service is represented by the recent expansion of the cooperative education program to include graduate and associate degree students through provisions of Executive Order 12015.

Thirdly, we are adopting a new system for the identification of job applicants by race and sex to provide information on the numbers of minority group individuals hired and to insure that selection procedures, including written tests, do not discriminate.

Another major move (proposed by Jule Sugarman, Vice-Chairman of the Commission, and which has the support of the Commissioners) has to do with the use of special appointing authorities--that means outside of the normal system of appointing people - when it is found that there are occupations in the Federal Government in which it is clear that, for whatever reason, there is inadequate representation of women and minorities.

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Chairman Campbell stated that the Federal Government's record, overall, is quite good compared to the private sector. However, if you look at the top grades, it is not that good. Only three percent of the supergrades are minorities and only three percent are women. Until a year ago that figure was two percent in each case, and the improvement has been produced almost entirely by non-career Presidential, cabinet officer, and agency head appointments, not by real improvement in career appointments. Chairman Campbell emphasized that progress must be made, and he urged personnel directors to be responsive to this matter.

Personnel Impact of Managerial
and Reorganization Actions

Because of its importance and the many issues that have been raised concerning it, we are attaching to this Summary the complete December 14, 1977 Memorandum For Heads of Departments and Agencies signed by Acting Director, OMB, James T. McIntyre, Jr. and CSC Chairman, Alan K. Campbell on the subject of Personnel Impact of Managerial and Reorganization Actions.

Attachment